

Raymond C. Deede
Franchise Service Manager
Verizon Video

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OFFICE OF CABLE COMMUNICATIONS
CITY OF PORTLAND

Verizon Communications Inc.
1800 41st Street
Floor 3
Office #147 North
Everett, WA 98201
214-770-6245
raymond.c.deede@verizon.com

December 23, 2008

Julie S. Omelchuck
Cable Program Manager
MHCRC
1120 SW Fifth Ave. #1305
Portland, OR 97204

Dear Ms. Omelchuck:

This letter is in response to your communication of November 26, 2008 on behalf of the City of Gresham regarding the status Verizon Northwest's transmission of Public, Education and Government (PEG) programming in the Gresham Area. Pursuant to Section 7.1.2 of Cable Franchise Agreement between the City of Gresham and Verizon Northwest Inc. ("Verizon Northwest"), your letter provides notice to Verizon Northwest of the general type of programming to appear on the PEG channels required under the Franchise Agreement and informs Verizon of the MHCRC's preferred channel assignment locations for these PEG channels.

Your letter also expresses concern over the timing of Verizon Northwest's introduction of a competitive video service in Gresham on November 25, 2009 and the status of Verizon Northwest's efforts to activate the PEG channels detailed in your letter. As an initial matter, let me assure you that Verizon understands the importance of community access channels and views Gresham's access channels as an integral and valuable component to our channel line-up. Verizon's goal has been (and continues to be) to offer access channels to our FiOS TV subscribers in Gresham as soon as possible, and I am certain that working together, MetroEast, the MHCRC and Verizon Northwest can achieve that goal. Verizon Northwest does not believe, however, that Section 7.1.1 requires that such channels be active prior to the date that Verizon Northwest first provides cable service to multiple subscribers in the Gresham franchise area (the "Service Date"). Verizon Northwest clearly communicated its anticipated PEG deployment timeframe during the Gresham franchise hearing, without objection from the MHCRC. Additionally, Section 7.1.1 is silent as to the date when such channels should be activated, evidencing the parties' intent that the access channels would be activated within a reasonable period of time, but not by any date certain before or after the Service Date. The Franchise Agreement is replete with examples indicating that when a date certain or a deadline

to complete an action was intended, the parties included such a deadline in the Agreement (*See e.g.*, Section 4.1.1 (requiring service availability within 12 months of Service Date); Section 4.1.1.2 (requiring service availability in the Extended Service Area within 24 months of Service Date); Section 7.1.3.3 (requiring additional PEG channels within 120 days following the City's written request); Section 7.3.1 (requiring payment of franchise grant within 60 days of Service Date). That the parties intended to provide for a reasonable period of time for PEG channel activation is further supported by the fact that successful activation of the PEG channels requires cooperation from, and action on the part of, the MHCRC and/or MetroEast to assist in the activation of the channels (see Section 7.2.2).

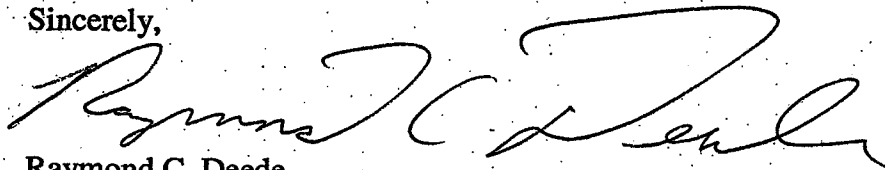
Verizon has already launched the Community Access Network - Portland Metro Area PEG Programming (Channel 22) and it is currently available to our subscribers in Gresham. The engineering, design and construction work necessary to launch the remaining access channels is progressing with MetroEast's assistance, including a successful site visit to the MetroEast PEG Access Headend on December 10th which yielded a detailed internal Network planning document. Verizon expects the engineering phase for the remaining access channel activations to be completed shortly after the holidays, with the outside plant construction necessary to terminate the fiber connections at the PEG Access Headend and installation of equipment scheduled to begin immediately thereafter.

I want to also provide some assurances to the City and MHCRC that Verizon will work to ensure that Gresham residents who choose to switch to FIOS TV will not be confused or misinformed about the location and availability of the upcoming access channels. We are in the process of examining several means of notifying our subscribers of the channel positions and future access channel launch, including, but not limited to, message scrolls on the television, and Verizon is looking forward to working with the City and the MHCRC to ensure that Gresham residents are informed of the remaining channel launches when they occur.

Finally, I want to again express my regret over any misunderstandings that may have occurred regarding the timing of the launch of the access channels, but I am confident that working in partnership with the City, MetroEast, and the MHCRC, Verizon will successfully launch the access channels in the near future.

Please do not hesitate to contact me with any questions or concerns you have.

Sincerely,



Raymond C. Deede

12/23/2008